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FOREIGN SERVICE DESPATCH

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To : The Department of State
Amembassy Bonn

Despatch No. 1447

From : U.S. Mission Berlin 911-61/12-457

December 31, 1958

Ref : (1) Department's telegram 1351 to Bonn, repeated Berlin as 370; (2) Berlin's telegram 383 to Bonn, repeated Department as 437; (3) Berlin's telegram 485 to Bonn, repeated Department as 440; and (4) Berlin's G-220 to Department, repeated Bonn as G-70.

Subject : Morale of Business and Professional Groups in Berlin

The Department's telegram No. 1351 to Bonn makes reference to an article of the Herald Tribune news service, datelined Bonn, which appeared in the Washington Post on December 29, 1958. The article states that many persons are planning to transfer property and abandon Berlin if conditions worsen; and many doubt the possibility of saving the city by means of an airlift during a blockade.

The Mission has reported previously that the middle class in Berlin, including the business and professional groups, has been somewhat more shaken by the inherent dangers in the current situation than either the top leadership in the city government and trade unions, on the one hand, or the mass of the working people on the other. (Subsequent despatches will report on the morale of these and other elements of the population.) Many Berliners, and particularly those of means, are known to be giving thought to what they might do in certain contingencies. The Mission has not observed, however, indications that many people have formed concrete plans with respect to various contingencies, nor have they taken steps which would be preliminary to putting such plans into effect.

The alternative courses of personal action open to the well-to-do Berliners who stand to lose the most in a material sense, and possess the means to make the move to West Germany, are not of a type that would lead to hasty decisions while the nature and magnitude of the risks which may lie ahead remain as unclear as they are at present. These hardheaded, generally well informed and crisis-experienced citizens are, understandably, extremely reluctant even to consider seriously giving up homes, going business concerns or professional practices built up at the cost of great personal effort and usually under adverse circumstances in this city. They are equally reluctant to face the necessity of starting anew in a strange and somewhat inhospitable environment (given the hurdles that must be overcome in establishing a business or professional practice in Germany as in other European countries), as well as contending with the housing shortage still

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prevailing in the Federal Republic. Not a few members of this Berlin business and professional community have had to go through this difficult experience at least once before because of dislocations resulting from the war. They will not lightly decide to do so again unless conditions should become very bad indeed and with little prospect of improvement.

The considerations described above, which Mission officers have seen reflected in various forms in the remarks of the majority of Berliners of business and professional circles with whom they have frequent discussions are conducive, as might be expected, to a "watch and wait" attitude rather than to the formulation of definite plans for future action. The Soviet deadline, furthermore, is still nearly five months away, and the Allied stand against the Soviet threat has been strong and united.

Few Berliners seem to be concerned about the possibility of a blockade of German traffic, and even less about the possible inadequacy of an airlift.

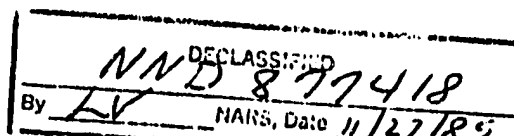
It is true, of course, that there have been isolated cases of individuals who are making plans to quit Berlin, but there are no indications that this is a growing trend. In references (2) and (3), the Mission has reported on remarks of Senator Lipschitz and Dr. Gefaeller, Berlin representative of the Federal Minister of All-German Affairs, concerning a few instances of transfer of property and even whole business firms, as well as some bookings of moving vans and air reservations by people planning to leave Berlin in the Spring.

Data compiled on withdrawals from Berlin bank accounts, developments in the real estate market, and other indices being carefully watched and reported to the Department, all tend to confirm that whatever actual preparations are now being made to leave Berlin are confined to a limited number of persons. It is only natural that, in the tense situation now prevailing, even a few isolated instances should be gossiped about and perhaps exaggerated.

As pointed out by Senator Lipschitz in his press conference on "nerve war" tactics reported in reference No. 4, the Communists are doing their utmost not only to publicize the few real departures from the city, but are actually making, anonymously, spurious bookings for airplane reservations and moving vans for well known citizens to cast doubt on their resoluteness to remain in Berlin. They then tip off West Berlin newspapers, anticipating that the latter will verify the bookings.

If economic conditions should deteriorate seriously, without prospect of improvement in the foreseeable future, there would be some flight from the city of the middle class, but it would probably not assume the proportions of a mass exodus. The toughening experience of the blockade and other crises since then, the reluctance to leave Berlin and resettle, and the dogged hope that conditions would sooner or later improve, would cause many to delay

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their departure, so that after an initial wave of those who were most nervous, the movement out of Berlin would probably slow down and become more gradual. (It is worthy of note, in this connection, that a sizable portion of the middle class in the Soviet Zone has remained there for years after bolshevization began, and is only emerging gradually in the refugee stream.) The initial wave might also be expected to include those relatively few persons who have business opportunities and professional openings in the Federal Republic, and particularly those members of the small minority who have established themselves in Berlin since the blockade. (Some of the few persons known to be planning to quit the city now or in the near future are fairly recent arrivals from the Rhineland and Bavaria, where they have family and business connections.)

A large scale exodus would be much more likely if real fear were engendered that a "Free City" were to be established, as demanded by the Soviets, or that the Allies otherwise would withdraw from Berlin. It is believed that any move toward recognition of the East German government would be interpreted as a step in this direction, and cause many Berliners to anticipate that the Allied position in the city would sooner or later become untenable. (Berlin DGB chairman Soharnowski predicts that "thousands will flee from Berlin if the East Germans are recognized even as agents of the Soviets.") It is perhaps significant that the reports and rumors of the departure of persons and business firms from the city were more prevalent at the time when it appeared to many in Berlin that the East Germans might be dealt with on problems of access. Since the Allied Paris declarations and the elections in West Berlin there has been less talk of leaving the city.

It may be added that many well-to-do Berliners are becoming convinced increasingly that, in the event that war threatens, it would be futile to plan a move to the Federal Republic. The idea that Berlin is as safe as, -- or, put another way, no more unsafe than, -- the Federal Republic if war appears imminent, is gaining currency in Berlin. And there is a tendency among some to consider that even a blockade limited to Allied traffic, and especially one attempted by the East Germans, would bring the threat of war nearer. This does not exclude the probability, however, that a good many who can afford to do so are considering the desirability of moving their families, and especially their children, to the Federal Republic during the critical months ahead, although the Mission knows of only a few instances of concrete plans of this kind.

For the Assistant Chief of Mission:

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